

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
FTX TRADING LTD., <i>et al.</i> , ¹)	
)	Case No. 22-11068 (JTD)
Debtors.)	
)	(Jointly Administered)

**DECLARATION OF JEFF BEZAIRE
IN SUPPORT OF LIMITED OBJECTION OF TMSI SEZC LTD. TO
MOTION OF DEBTORS TO ESTIMATE CLAIMS BASED ON DIGITAL ASSETS**

I, Jeff Bezaire, hereby declare as follows under penalty of perjury pursuant to 28 U.S.C. § 1746, and make this declaration to the best of my knowledge and belief:

1. I am a quantitative researcher employed by an affiliate of TMSI SEZC Ltd. (“TMSI”). I have served in this role (or similar capacities) since May 2010. My role includes data analytics, machine learning, data visualization, big data analytics, predictive analytics, python programming, algorithmic trading, and predictive analytics. In this role I have worked in US equity and global commodity futures markets for seven years, and crypto spot and futures markets for six years. I have conducted market liquidity analysis, and market impact analysis and experiments for both liquid and relatively illiquid cryptocurrency tokens.

2. TMSI and certain of its affiliates are active participants in the cryptocurrency/digital asset marketplace. Among other things, TMSI and its affiliates transact in and are familiar with trading information regarding a variety of cryptocurrencies/digital assets,

¹ The last four digits of FTX Trading Ltd.’s and Alameda Research LLC’s tax identification number are 3288 and 4063 respectively. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://cases.ra.kroll.com/FTX>.

including SRM, including volumes traded in both spot and futures markets. I am personally familiar with these matters.

3. Prior to May 2010, I served as a quantitative strategist at TD Securities for 1 year and 9 months. Prior to that, I served as a quantitative analyst for Cooperfund for 5 years. In total, I have over 20 years of experience in the quantitative analytics field. In these roles, I worked on matters involving high-frequency algorithmic trading, equity market making, and developing and implementing quantitative trading strategies.

4. I have a BSc in Physics and Astronomy from University of Toronto in Canada and a PhD in Physics from the University of Chicago.

5. I submit this declaration in support of the *Limited Objection of TMSI SEZC Ltd. to Motion of Debtors to Estimate Claims Based on Digital Assets* (the “Objection”).²

6. I have reviewed and analyzed the Howell Report. I believe Prof. Howell has used incorrect inputs to the KO model for SRM. Using the correct inputs significantly lowers the asset liquidation discount for SRM.

7. I understand Prof. Howell used the following equation to calculate the asset liquidation discount for SRM:

$$C(X) = \frac{\sigma}{0.02} \left(\frac{\kappa_0}{10^4} \left[\frac{\sigma P V}{(0.02)(40)(10^6)} \right]^{-1/3} + \frac{\kappa_1}{10^4} \left[\frac{X}{(0.01)V} \right]^{1/2} \right)$$

Howell Report Appendix C ¶ 31. In this equation, Prof. Howell assumes the amount of SRM to be liquidated over the Estimation Period is \$3.7 billion, representing the face value of the Debtors’ total SRM holdings. Per Prof. Howell, this yields an asset liquidation discount for SRM of 58.3%.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Objection.

8. I also understand that Prof. Howell did not include perpetual futures volume as an input in the KO model, and instead included only spot volume over the Estimation Period. Adjusting the volume to include perpetual futures markets adds another approximately 44 million SRM to the average daily trading volume.³

9. Using the correct SRM inputs to the KO model significantly lowers the asset liquidation discount for SRM. By changing \$3.7 billion to \$509 million (i.e., the SRM in the Debtors' possession attributable to Customer accounts), the asset liquidation discount would be approximately 21.6%. In addition, adjusting the average daily trading volume to include perpetual futures volumes (i.e., another approximately 44 million SRM), would result in a final asset liquidation discount of approximately 35.5%. Combining both of the foregoing adjustments would reduce the asset liquidation discount to approximately 13.2%.

10. Based on the foregoing, in my view, a final asset liquidation discount of 13.2% reflects a more reasoned and accurate discount figure, assuming any discount is appropriate.

11. I declare under penalty of perjury that the foregoing is true and correct.

Executed on January 11, 2024
Chicago, Illinois

Respectfully submitted,

/s/ Jeff Bezaire
Jeff Bezaire

³ This figure of 44 million SRM was obtained by reviewing my firm's internal database and records.